

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7648**

**BILL NUMBER:** HB 1916

**NOTE PREPARED:** Jan 10, 2003

**BILL AMENDED:**

**SUBJECT:** Property Appraisers.

**FIRST AUTHOR:** Rep. Neese

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill removes requirement that court appointed appraisers must be freeholders. It requires a simultaneous exchange of appraisals in eminent domain matters. It also requires the board to recommend increasing standards for appraisers. The bill imposes a fee upon licensed or certified appraisers to fund fraud investigation by the Office the Attorney General. The bill also establishes the Investigative Fund.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** This bill would require the Attorney General to investigate appraisal fraud using resources from the Investigative Fund, which this bill establishes. The Real Estate Appraiser Certification Board (Board) would be required to submit recommendations to the Real Estate Commission (Commission) regarding the requirements, annual fee, and rules to be established for appraisal fraud investigation and the Investigative Fund. The bill would also require the Attorney General to hire additional staff, approved by the Board, to carry out the investigations. Additional staff hired by the Attorney General to investigate appraisal fraud may be paid from the Fund.

If additional meetings are required of the Board or Commission, additional expenses for mileage and per diem would be incurred. The cost for one meeting of the Board is \$710 and the cost for one meeting of the Commission is \$1,160, if all members attend.

**Explanation of State Revenues:** This bill establishes the Investigative Fund for the purpose of investigating appraisal fraud. The Fund is to be administered by the Attorney General, and expenses of the Fund shall be paid from the Fund. Revenue from an annual fee imposed upon licensed or certified appraisers and

educational providers will be deposited in the Fund. Money in the Fund does not revert to the State General Fund at the end of the fiscal year, and it is continually appropriated to the Attorney General for use in conducting investigations of appraisal fraud.

*Background* - According to the Professional Licensing Agency, there were about 2,000 licensed or certified appraisers and about 1,000 appraiser trainees as of October 2002. The Real Estate Commission received approximately \$185,000 in fee revenue from appraiser licensure and certification in FY 2002. Currently, appraisers are charged \$100 for a license issued in an even year, or \$75 for one issued in an odd year. Appraisers pay \$100 to renew a license

**Explanation of Local Expenditures:** Local units could potentially pay increased appraisal fees due to this bill, however a more accurate appraisal may be received in return.

The bill also requires a property owner, upon receipt of a condemnation offer, to accept or reject the offer within 90 days. If the property owner rejects the offer, the owner may obtain and deliver an appraisal on the property to the condemnor. The condemnor would then be required to submit its appraisal to the owner. This provision has no fiscal impact.

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General, Professional Licensing Agency.

**Local Agencies Affected:** Counties, municipalities.

**Information Sources:**

**Fiscal Analyst:** Valerie Ruda, 317-232-9867